

June 25, 2008

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Matheson and Melancon say that Tuesday's decision by Agriculture Committee Chairman Collin Petersen to suspend debate on the issue of oil speculation and price manipulation until after the July 4th recess offers an opportunity for discussion of their bill's approach.

"This is a tool that will help lower gas prices, if it's done in a measured, sensible way. Our bill offers a workable approach that will address excessive speculation without unduly interfering with normal market practices," said Rep. Matheson.

"Oil speculators are driving up the price of gas beyond what normal supply-and-demand would dictate, and that has to stop," Rep. Melancon said. "American families and small businesses are footing the bill for the 'get-rich-quick' game these commodities traders are playing. Our bill would bring some common sense regulation to energy futures trading that would prevent excessive speculation, pulling inflated oil and gas prices back down to earth and providing some relief to consumers."

Matheson and Melancon said U.S. crude oil, gasoline and home heating oil futures contracts are traded primarily on exchanges in New York and London. Under current law, the Commodity Futures Trading Commission (CFTC) only has authority to prevent price manipulation and excessive speculation resulting from energy trades from within the U.S. Matheson and Melancon say their bill would ensure the CFTC has full enforcement authority over traders within the U.S. who trade on a foreign exchange.

The Close the London Loophole Act would strengthen CFTC oversight by providing the CFTC with clear legal authority, as well as the legal obligation to obtain trading data from foreign exchanges operating in the U.S. through direct trading terminals. It requires CFTC to set up agreements with foreign exchanges regarding comparable speculative limits and reporting requirements on traders of U.S. energy commodities before a foreign exchange can establish direct trading terminals in the U.S.

The Matheson-Melancon bill has a companion version in the Senate.

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